



STATE OF TENNESSEE  
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March 16, 2010

**MEMORANDUM**

TO: State Funding Board

FROM: David L. Wright, Tennessee Higher Education Commission  
Tim Phelps, Tennessee Student Assistance Corporation

SUBJECT: Tennessee Education Lottery Scholarship Program Projections

Pursuant to T.C.A 4-51-111(c)(2)(A)(ii), the Tennessee Higher Education Commission (THEC) and Tennessee Student Assistance Corporation (TSAC) have collaborated to project expenditures in lottery and scholarship grant programs for the 2009-10 fiscal year and the next four fiscal years.

The figures below incorporate data for all lottery-funded programs, including the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE award, HOPE Access Grant, Wilder-Naifeh Technical Skills Grant, Nontraditional Student Grant, Dual Enrollment Grant, Helping Heroes Grant, Foster Child Tuition Grant, Rural Health Loan Forgiveness Program, Math & Science Teacher Loan Forgiveness Program, and the Tennessee Student Assistance Award. These figures remain unchanged from those provided to the Board in December 2009.

Fiscal Year	Total TELS Expenditures
2008-09 actual	\$266.6M
2009-10 estimated	\$287.5M
2010-11 projected	\$312.5M
2011-12 projected	\$337.4M
2012-13 projected	\$361.4M
2013-14 projected	\$387.9M

Program expenditure projections are primarily based on increases to the HOPE Scholarship which accounts for approximately 90 percent of overall program costs. Changes in HOPE Scholarship expenditures are largely driven by three factors, two of which increase projected outlays. Recent economic conditions generated significant enrollment increases throughout higher education that are projected to be sustained through 2013-14. Additionally, implementation of the Tennessee Diploma Project is expected to increase the overall academic preparation of high school graduates over the next several years. Finally, projected expenditures for the TELS program are affected by a continuation of the relatively rapid growth in both the Wilder-Naifeh and Dual Enrollment programs.

Please let us know if you have questions or need anything further.